



*United States Attorney
Southern District of New York*

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**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
REBEKAH CARMICHAEL
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**FBI
JIM MARGOLIN
PUBLIC INFORMATION OFFICE
(212) 384-2720**

**FORMER ERNST & YOUNG PARTNER AND INVESTMENT
BANKER CHARGED IN INSIDER TRADING SCHEME**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, and MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), announced today the unsealing of an indictment charging former Ernst & Young, LLP ("E & Y") partner JAMES GANSMAN and investment banker DONNA MURDOCH with participating in a scheme to trade on inside information about seven separate, potential merger and acquisition transactions involving E & Y clients. GANSMAN, who in his capacity as a partner at E & Y obtained confidential, non-public information about the potential transactions, passed the inside information to MURDOCH, who in turn traded on the information, gaining more than \$390,000 in profits. GANSMAN was arrested earlier today in New York City, and MURDOCH is expected to surrender to federal authorities. According to the twelve-count Indictment unsealed in Manhattan federal court earlier today:

From May 2006 through December 2007, E & Y was engaged to advise various entities in connection with mergers and acquisitions (the "E & Y Transactions") involving seven publicly traded companies -- ATI Technologies, Freescale Semiconductor, Portal Player, Spectralink, K2, Dade Behring, and Activision (the "Counterparties"). GANSMAN was the partner at E & Y in charge of the human resource consulting services that E & Y provided for the E & Y Transactions. In that capacity, he obtained confidential, inside information about the transactions, and regularly leaked the inside information to MURDOCH. GANSMAN typically communicated with MURDOCH at some point after he had

been assigned to work on a transaction but before the subject of that particular transaction had been publicly and officially announced.

After receiving the confidential information from GANSMAN, MURDOCH purchased securities of the Counterparties involved in the particular transaction, and, following public disclosure that a Counterparty was being acquired, sold the previously purchased securities. Her trading in the securities of each of the Counterparties earned total profits of more than \$390,000.

For example, on June 23, 2006, GANSMAN learned that E & Y had been retained by a private equity firm, the Blackstone Group ("Blackstone"), in connection with a possible acquisition of Freescale Semiconductor by an investment consortium led by Blackstone. At that time, GANSMAN was informed that Blackstone wanted the transaction to be "treated superconfidential," and was told in an internal E & Y email message, "[d]o not breathe the name of the target outside of team." Nonetheless, GANSMAN provided MURDOCH with inside information about the impending transaction.

GANSMAN and MURDOCH communicated over 400 times via telephone and text message from the time that GANSMAN learned of the acquisition to the time, less than four weeks later, when MURDOCH began buying options to purchase Freescale Semiconductor stock. MURDOCH continued to buy options to purchase Freescale Semiconductor until September 8, 2006. On September 11, 2006, a wire service reported that Freescale Semiconductor would be acquired, and on September 15, 2006, Freescale Semiconductor publicly announced the acquisition. On September 11 and 12, 2006, MURDOCH sold approximately 690 Freescale Semiconductor options and profited more than approximately \$158,000 from her trades.

GANSMAN and MURDOCH are each charged with one count of conspiracy to commit securities fraud and eleven counts of securities fraud. The conspiracy charge carries a maximum prison term of 5 years and a maximum fine of the greater of \$250,000, or twice the gross pecuniary gain or loss from the offense. Each of the securities fraud counts carries a maximum prison term of 20 years and a maximum fine of the greater of \$5 million or twice the gross pecuniary gain or loss from the offense.

GANSMAN, 48, resides in New York, New York. MURDOCH, 44, resides in Malvern, Pennsylvania. GANSMAN is scheduled to be arraigned today at 3:30 p.m. by United States District Judge MIRIAM GOLDMAN CEDARBAUM.

Mr. GARCIA praised the work of the FBI and thanked the U.S. Securities and Exchange Commission for its assistance in this investigation. He added that the investigation is continuing.

"JAMES GANSMAN exploited his position of trust to trade on inside information about seven mergers and acquisitions of publicly traded companies," said United States Attorney MICHAEL J. GARCIA. "Together he and DONNA MURDOCH provide the latest example of those who seek personal gain at the expense of public trust in our markets."

"Trading on material, non-public information is illegal because of the inherently unfair advantage such information provides," said FBI Assistant Director-in-Charge MARK J. MERSHON. "And the unfair advantage exists as much for someone who trades on information passed along by an insider as it does for the insider who acquires it first-hand."

Assistant United States Attorneys ANTHONY S. BARKOW and NICHOLAS S. GOLDIN are in charge of the prosecution.

The charges contained in the Indictment are merely accusations and the defendants are presumed innocent unless and until proven guilty.

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